

December 15, 1999

Prospective Offerors,

The Internal Revenue Service (IRS) and the Simplified Tax And Wage Reporting System (STAWRS) Project Office are please to release it's first Request for Agreement (RFA). This RFA deals with the maintenance of the Harmonized Wage Code database. It is anticipated that one or more agreements will be established for the remainder of fiscal year 2000 with an option for fiscal year 2001.

The IRS and STAWRS will entertain questions on the requirements of this RFA through December 27, 1999 at 12:00 p.m EST. All questions shall be submitted electronically to the undersigned at Alycia.D.Taylor@m1.irs.gov. Questions submitted by any other media will not be accepted.

Thank you for your interest in this RFA and we look forward to receiving your proposals. If you require further information you may contact the undersigned at (202)283-1317.

Sincerely,
Alycia Dougans Taylor
Contracting Officer

**REQUEST FOR AGREEMENT
(RFA)
SIMPLIFIED TAX AND WAGE REPORTING SYSTEM
(STAWRS)
HARMONIZED WAGE CODE DATABASE**



RFA #: TIRNO-00-H-00001

Issued: December 15, 1999

Proposals Due: January 14, 1999

Questions: Email Alycia.D.Taylor@ml.irs.gov or call (202)283-1317

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ATTACHMENT 1 – Model Memorandum of Agreement

1.0 INTRODUCTION

The Simplified Tax and Wage Reporting System (STAWRS) Program is offering an opportunity for industry to enter into a cooperative agreement to maintain the STAWRS Harmonized Wage Code Database. No proposal for funding will be considered. In general, a cooperative agreement is defined as a non-monetary arrangement between two parties (commercial firm, no-for-profit organization, or any government agency) and Treasury. In this instance, any commercial, not-for-profit organization or government agency may submit proposals.

1.1 Background

The Internal Revenue Service (IRS), Small Business Administration, Department of Labor (DOL) and Social Security Administration (SSA) are jointly exploring possible changes to the nation's wage and tax reporting system (the project is now known as the Simplified Tax and Wage Reporting System or STAWRS). The objective of STAWRS is to reduce the employment wage and tax reporting burden on employers, while maintaining or improving the efficiency and effectiveness of government operations. The goals, which directly support the STAWRS vision and mission, include decreasing the number of tax-related forms that an employer must file, providing timely and accurate tax information to employers, and modeling simplified federal and state tax employment laws.

STAWRS is a concept development program. It is accomplishing its mission by identifying, nurturing, and developing concepts. These concepts are tested through project prototypes and analyzed to develop, refine, and validate costs and benefits. After a project has been successfully prototyped, it will be transitioned to a responsible agency for further development. Future processes will be developed, tested, and implemented according to the changing needs of the STAWRS stakeholders.

1.2 STAWRS Strategy

STAWRS is ushering in a new era of partnership among government agencies and businesses, which are working together to simplify tax and wage reporting. Full implementation of the STAWRS concepts should result in a burden reduction to both employers and to government agencies.

To achieve its goals, STAWRS developed three initiatives: Single Point Filing, Streamlined Customer Service, and Simplified Requirements. Within each initiative are proof-of-concept projects whose successful prototyping and transitioning will ultimately determine the success of STAWRS.

1.3 Scope of Request for Agreement (RFA)

This Request for Agreement will focus on the third initiative, Simplified Requirements. This initiative should reduce the tax and wage reporting burden on employers and Federal and state governments by making employment tax laws more consistent or more in harmony across federal and state codes. The initiative takes the approach of harmonizing the employment tax and wage reporting laws which shall provide simplification of interpretation and application. The Harmonized Wage Code (HWC) Project arises from the recognition and consensus of private employers, trade organizations, and federal and state agencies, as well as organizations such as payroll companies, that the current tax and wage laws create a significant burden for employers. The initial recommendation of the HWC Project is the Targeted Harmonized Wage Code (THWC), directed towards small employers. The objective is to simplify the Code to make it easier to comply with Federal and state requirements.

While developing the HWC concept, a database was developed that allows for the analysis of components of the employment tax laws. The HWC database is a compilation of the component provisions of 96 federal and state employment laws, including federal and state income tax withholding laws, the state unemployment insurance tax,

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the Social Security and Medicare tax laws in FICA, and the Federal Unemployment Tax Act. A user is able to analyze how any given component in one employment tax law compares to a related component in another law, by showing whether the components are identical, similar or different. For example, a user may determine how federal and state law treat the particular component of meals and lodging.

For the purposes of this RFA, proposals shall be limited to the HWC database. Offerors are invited to propose a cooperative arrangement to maintain the accuracy and public availability of the HWC database in return for whatever the Offeror may reasonably suggest. STAWRS will consider all suggestions that are supported with coining analysis and that credibly demonstrates the likelihood of maintaining an accurate database that is publicly available. For example, an Offeror may suggest that the database be put on their company web site free to the public and provide subscription service to the Offeror's additional services. Another proposal may suggest reflection of the Offeror's logo on the STAWRS web site as the company that is maintaining the database and the availability of additional information or services from the Offeror. STAWRS encourages Offerors to submit any and all suggestions for consideration.

2.0 PROPOSAL REQUIREMENTS

STAWRS anticipates entering into agreements by March 1, 1999 for six months (the remainder of Fiscal Year 2000) with an option to extend the agreement for Fiscal Year 2001. Agreements for subsequent years will contain an option to extend the agreement for additional years, as needed, subject to mutual agreement. Offerors interested in proposing different solutions for the remainder of Fiscal Year 2000 and subsequent years may do so.

Proposals shall clearly state the implementation targets and associated time frames for the proposed solution. If STAWRS determines that the proposal cannot be accomplished in time for March 1, 2000 implementation, then the proposal will be rejected.

2.1 Project Plan

All proposals submitted in response to this RFA shall be submitted in the form of a project plan. The format for the project plan is as follows:

A) Introduction

1. Briefly describe your understanding of the objectives and scope of the proposed Agreement.
2. State the proposed period of performance.
3. Include Point of Contact (POC) information (name, address, phone number, email address and fax number) for discussion and negotiation of your proposal. The POC shall have decision making (commitment) authority for the Offeror.

B) Description of Proposed Agreement

1. Include POC information (name, address, phone number, email address and fax number) for management of your performance of the agreement.

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2. Describe the attention that will be given to this project, the resources that you will allocate, and your plan for managing and implementing the Agreement.
3. Describe proposed solution and identify the method used to achieve maintenance of the HWC Database and allowing free public access to the HWC Database.
4. Describe what the Offeror is requesting (non-monetary) in return for maintenance of the HWC Database and allowing free access to the HWC Database.
5. Describe the duties and responsibilities of the Offeror as an Industry partner in fulfilling the proposed Agreement.
6. Describe the duties and responsibilities of the Government/STAWRS project in fulfilling the proposed Agreement.
7. Describe the milestones and time frames associated with the implementation including all deliverables. Clearly delineate the targets and time frames associated with each participant, partner and STAWRS.
8. Describe measures of success for the proposed solution and means of measuring quantifiable benefits for evaluating the success.
9. Return the Model STAWRS Agreement (Attachment 1) with any proposed additional content for negotiation, including dispute resolution and any remedies other than termination for failure of either party to perform.
10. Describe the rationale for any additions or revisions to the Model STAWRS agreement.

2.2 Deliverables

The Industry Partner shall submit Monthly Performance/Status Reports to the IRS/STAWRS Point of Contact identified in the agreement. The Monthly Performance/Status Report shall describe accomplishments and any difficulties in the performance of the agreement. This report shall be submitted by the tenth day of the following month.

3.0 DELIVERY OF PROPOSALS/PROJECT PLAN

Offerors shall submit proposals via electronic mail to Alycia Dougans Taylor, Contracting Officer at Alycia.D.Taylor@ml.irs.gov. Offerors shall submit proposals in Microsoft Word 97 or lower version. We do not anticipate the need for proposals to be very large, however if an offeror intends to submit compressed files they must use WinZip 7.0 or less. All proposals must be transmitted through electronic mail by 12:00 p.m EST January 14, 2000. Extraneous narratives, elaborate brochures, and uninformative Public Relations material will not be considered. Proposals must be sent by electronic mail. Any proposal that is delivered solely by other media will not be considered.

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4.0 EVALUATION PROCESS AND ASSESSMENT CRITERIA

The Offerors' proposals/project plan will be evaluated using a three--step process and the factors described below.

Step 1

The first step of the evaluation entails an assessment of the Project Plan to determine: (1) the Offeror's adherence to the scope of the RFA (see 1.3 above), (2) acceptability of the Offeror's response; and (3) realism of the Offeror's proposal for accomplishment in the required time. The IRS will make this determination on a pass/fail basis. Proposals within the scope of the RFA that include acceptable responses to the requirements and propose Agreements that are achievable in required timeframe will pass and move to the next step.

Step 2

In the second step, the IRS will review the Project Plan and communicate to the Offeror uncertainties that are found in the proposal. Such communications will be for the purpose of removing the uncertainties. They will not be used to cure significant omissions in the proposal, materially alter the proposal, or otherwise elicit significant revisions to the proposal. Any proposals whose project plans contain significant omissions or ambiguities will no longer be considered. The IRS will evaluate proposals whose project plans are clear or whose uncertainties are minimal and have been removed using the evaluation factors below:

- Are success factors and a success measurement methodology described and reasonable?
- Does the Offeror promise appropriate management attention and resources?
- Are duties, responsibilities, and milestones clearly stated for both the Offeror and the IRS? Are they achievable?
- Manageability, i.e., is the burden to the IRS in allocating the resources or in making any changes requested by the Offeror in the allocated time acceptable?

This evaluation will result in a pass/fail determination.

Concurrently, the Offeror's project plan will be reviewed by the IRS Criminal Investigation. This review will address fraud prevention and detection implications of the proposal. Also, the IRS will assess the proposal to assure the proposed agreement does not disrupt other planned IRS filing season activities. These reviews will be conducted on a pass/fail basis.

Step 3

The third step will focus on the proposed agreements' impact on the Government. This assessment will include a comparison of the Offerors' proposed agreements using the following discriminators: value of benefit offered, requested consideration and the Government's management, technical, and financial resources required. The Government will rank the proposed agreements in a descending order beginning with the one with the greatest benefit and least burden. As a result of this assessment one, several or none of the proposed agreements may be selected.

Attachment 1

MODEL
THE SIMPLIFIED TAX AND WAGE REPORTING SYSTEM
MEMORANDUM OF AGREEMENT
BETWEEN THE INTERNAL REVENUE SERVICE AND
[INSERT PARTICIPANT'S NAME]

1. INTRODUCTION:

This Simplified Tax and Wage Reporting System ("STAWRS") Memorandum of Agreement ("Agreement") between the Internal Revenue Service ("IRS") and [insert name of company or organization] ("Participant") sets forth the complete agreement of the parties with regard to participation in the Harmonized Wage Code Database. Also, except as provided below, the parties agree to comply with all relevant statutory, regulatory, and administrative requirements relating to the electronic filing program.

2. AUTHORITY:

(A) This Agreement is entered into pursuant to the authority vested in the Commissioner of the IRS by Treasury Order 150-10 to administer and enforce the internal revenue laws and revenue procedures for electronic filing.

(B) This Agreement is not an "acquisition" as that term is defined in the Federal Acquisition Regulation ("FAR") 2.101; therefore, the FAR does not apply to this Agreement .

3. BACKGROUND AND PURPOSE:

(A) This Agreement results from the evaluation and selection by the IRS of one or more proposals received in response to a solicitation or Request for Agreements ("RFA") for STAWRS Partnerships in the form of Non-Monetary Agreements.

(B) The purpose of this Agreement is to provide maintenance of the Harmonized Wage Code Database.

4. DEFINITIONS:

(A) "Days" as used herein means calendar days unless otherwise stated.

[OTHERS TO BE INCLUDED AS MUTUALLY AGREED]

5. APPLICABLE DOCUMENTS:

[TO BE INCLUDED AS MUTUALLY AGREED. IN THE EVENT THAT "OFFICIAL USE ONLY" INFORMATION OR TAXPAYER INFORMATION MUST BE PROVIDED BY THE IRS TO THE PARTICIPANT FOR PERFORMANCE OF THE AGREEMENT, THEN THE AGREEMENT WILL INCLUDE THE FOLLOWING IRS ACQUISITION PROCEDURE (IRSAP) CLAUSES, AS APPLICABLE: "DISCLOSURE OF INFORMATION – SAFEGUARDS;" "DISCLOSURE OF 'OFFICIAL USE ONLY' INFORMATION SAFEGUARDS;" "DISCLOSURE OF INFORMATION – CRIMINAL/CIVIL SANCTION;" AND "DISCLOSURE OF INFORMATION – OFFICIAL USE ONLY."]

Attachment 1

6. AUTHORIZED REPRESENTATIVES:

[CONTACT POINTS FOR EACH PARTY TO BE INCLUDED]

7. DUTIES AND RESPONSIBILITIES OF THE IRS:

[OFFEROR TO PROPOSE WHAT IT WOULD REQUIRE OF THE IRS]

8. DUTIES AND RESPONSIBILITIES OF THE PARTICIPANT:

[OFFEROR TO SPECIFY ITS TASKS IN CONDUCTING THE PILOT INCLUDING THE REQUIRED TASKS STATED IN "MANDATORY REQUIREMENTS" AND THE DELIVERY OF A PROJECT PERFORMANCE REPORT]

9. LIABILITY:

(A) The Participant shall be liable for the acts and omissions of its employees.

(B) The IRS shall not be liable for any injury to the Participant's personnel or damage to the Participant's property unless such injury or damage is due to negligence on the part of the Government and is recoverable under the Federal Tort Claims Act {28 U.S.C. 1346(b)}, or pursuant to other statutory authority.

10. THIRD PARTY RIGHTS:

This Agreement does not alter, change, or eliminate any rights or responsibilities that taxpayers have under the Internal Revenue Code.

11. PERIOD OF PERFORMANCE AND TERMINATION:

(A) This Agreement shall be in effect from the date of signature for the IRS for a period ending with September 30, 2000 with and option to extend for one year.

(B) This Agreement may be terminated by either party upon 30 days after receipt of written notice signed by either of the signatories to this Agreement or by their successors or designees. The Participant understands that in the event the IRS terminates this Agreement, the Participant has no right to any claim against the Government, including a claim for termination costs.

12. MODIFICATION OF AGREEMENT:

This Agreement may be modified by either party, but only upon mutual agreement. All modifications must be in writing and signed by both of the signatories to this Agreement or by their successors or designees.

13. INSPECTION RIGHTS:

(A) The IRS may inspect the work performed by the Participant upon reasonable notice to the Participant's Authorized Representative and in a manner that will not interfere with the Participant's performance of this Agreement. The Participant shall provide access for this purpose to the IRS's Authorized Representative(s) to the location where the work is being performed. The IRS shall also have the right to inspect the Participant's Report(s) of the work performed as a result of this Agreement. The IRS's Authorized Representative shall provide the results of any inspections to the Participant's Authorized Representative for any necessary resolution.

Attachment 1

(B) The IRS may evaluate the Participant's performance of this Agreement and may provide the results of this evaluation to the Participant, in writing, for written comment and return to the IRS. The evaluation, including the Participant's comments, may be used by the IRS in considering the Participant for future Agreements or Contracts.

14. RELEASE OF INFORMATION

The Participant shall provide written notice to the IRS and obtain consent in advance of releasing any advertisements, press releases, marketing presentations, or related communications for the purpose of performing the pilot described in this Agreement. The text and purpose of the intended release shall be provided to the IRS Point-of- Contact for this Agreement.

15. REMEDIES:

[ANY REMEDIES FOR NON-PERFORMANCE BY EITHER PARTY, IF ANY ARE TO BE INCLUDED OTHER THAN "TERMINATION" AS STATED IN 11(B), MAY BE INSERTED SUBJECT TO MUTUAL AGREEMENT. IF REMEDIES ARE TO BE PROVIDED, THEN THE UNILATERAL TERMINATION PROVISION IN 11(B) SHALL BE DELETED.]

16. LIMITATIONS:

The terms of this Agreement are not intended to alter, modify, or rescind any current Agreement or provision of Federal law now in effect. Any provision of this Agreement which conflicts with Federal law will be null and void.

17. DISPUTE RESOLUTION:

[THE CONTRACT DISPUTES ACT DOES NOT APPLY. UNDER 41 U.S.C. 605(d), IRS AND THE PARTICIPANT MAY AGREE TO ALTERNATIVE DISPUTE RESOLUTION OR OTHER MUTUALLY AGREEABLE PROCEDURES.]

18. SIGNATURES:

[TO BE SIGNED AND DATED WITH THE NAMES AND TITLES OF EACH SIGNATORY INSERTED WHEN THE AGREEMENT IS EXECUTED.]